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IMMEDIATE RELEASE

**U.S. OBTAINS \$225,000 IN PENALTIES AGAINST
RETAIL CHAIN FOR VIOLATION OF CHILD SAFETY
STANDARDS FOUND IN UNDERCOVER INVESTIGATION
OF STORES.**

SACRAMENTO -- United States Attorney John K. Vincent announced today that the Customer Company and Cigarettes Cheaper! (hereafter "Cigarettes Cheaper") have agreed to pay \$225,000 in civil penalties and to be bound by the terms of a permanent injunction requiring that the company's sale of cigarette lighters meet child safety standards. The settlement was announced in open court, one day before trial against the company was scheduled to begin.

In addition to payment of \$225,000 in penalties, a previous injunction will now apply permanently against the company. Under the terms of the injunction, the company, among other things, must: obtain certification from its suppliers that the disposable lighters offered for sale comply with federal safety standards; inspect each lighter for adherence to the standards; train store employees on the safety requirements; and pay the costs of future inspections until the company passes three such inspections without any violations.

In announcing the settlement, United States Attorney John K. Vincent stated: "Our office will continue to enforce the law aggressively against companies whose products violate safety regulations."

The Customer Company operates a chain of discount tobacco stores known as "Cigarettes Cheaper." At present, the company has over 600 such stores in 21 states. In the suit filed against the company and its owners in 1999, the government alleged that Cigarettes Cheaper sold disposable cigarette lighters that were extremely dangerous to children because the child-safety mechanisms had been removed.

According to government evidence, Cigarettes Cheaper purchased 184,000 IWAX-brand lighters in 1996, and then began selling the non-child resistant lighters to the public. On March 19, 1996, a five year-old girl died in a house fire caused by an identical IWAX disposable lighter whose child-resistant safety mechanism had been removed, although the specific lighter in question was not sold by the company. The fire was ignited when the girl's three year-old brother played with the disposable lighter under the children's bed.

During an inspection of Cigarettes Cheaper by the Consumer Product Safety Commission ("CPSC") in 1996, IWAX disposable lighters were determined to have been tampered with, such that the child resistant safety mechanism was removed. When the company was first threatened with legal action, the IWAX lighters were recalled and Cigarettes Cheaper agreed not to sell non-child resistant lighters.

Nonetheless, Cigarettes Cheaper was found to have again started selling the products. In April 1999, after receiving a tip from an industry competitor who noticed non-child resistant lighters for sale in one of the Cigarettes Cheaper stores, the CPSC sent investigators posing as consumers to various store locations in Northern California. According to government evidence, the investigators were offered non-child resistant lighters for sale in 11 stores, including instances in which the salespersons removed the child-resistant safety mechanisms in the presence of the investigators.

Before cigarette lighters were required to be child-resistant in 1994, fire loss data revealed an estimated 7,250 residential structure fires, 190 deaths and 1,290 injuries in an average year resulting from children under 5 playing with lighters. The risk of death in those fires was more than three times the risk in residential fires generally.

When the case was filed, CPSC Chairperson Ann Brown issued a statement from Washington, D.C., stating, "rarely does CPSC find a company so callously undermining our safety requirements. Hundreds of Americans -- sometimes entire families -- die every year from home fires related to lighters."

The case was investigated by the Consumer Product Safety Commission, and prosecuted by Assistant U.S. Attorney Michael A. Hirst, Department of Justice attorney Allan Gordus, and attorney Melissa Hampshire from the CPSC.